

BUDGET & FINANCE MEETING MINUTES

MS Teams Meeting

8-26-2020

Attendees: Dick Keiling (Chairman), Brian Reynolds, George Solyak, Tom Piatti, and Frank Brown Non-Committee: Doug Parks (Liaison), John Viola, Steve Phillips, and Tom Stauss

Meeting called to order at 9:07 AM

No Public Comments

Minutes from 7/29/20 were approved

Tom Piatti prepared a writeup (copy attached) summarizing his review of Sandpiper's report of 2019 Sports Core Pool natural gas usage and costs. Currently the natural gas equivalent is \$1.06 per gallon, which is a very good rate. Commercial propane rates are well above this. Sharp Energy provides the YC with propane at \$1.41 per gallon.

Board Recommendation:

B&F recommends that OPA continue with Sandpiper natural gas at the Sports Core Pool at this time. Tom will continue to monitor market conditions and report any substantial changes that may affect a decision to return to propane.

July Financials:

As footnoted in the controller's report, \$1,051K of PPP funds have been recognized as other income in General Admin. Likewise, the YC and Beach Club payroll has been reduced by \$271K as result of separate PPP funding provided to the Matt Ortt Co. This leaves a small amount of PPP money remaining for August. All funds will be used within the required 6-month period and proper documentation will be submitted to the bank to support our usage.

It was noted that our year-to-date positive operating fund variance of \$931K would actually be a negative (\$391K) if it wasn't for the OPA and Matt Ortt PPP money.

John Viola along with Steve Phillips advised B&F that Steve would be out of the office on medical leave. While we have good bench strength with Julia this could impact our monthly closings during this period. John will work towards completing a closing by the 13th workday but advised B&F that it could be delayed, or in worst case we may have to go with some interim or flash reporting. In this case all would be trued up and fully accounted for in the following period. B&F understands this and is ok with a potential temporary deviation from our normal closing process. If this should happen, we do not see it having a material impact on the information flow to our community.

B&F understands and recognizes the benefits OPA is receiving from the Northstar software including improved controls, productivity, management reporting, reduced maintenance costs and more. Any start-up delays in a timely monthly closing is minor considering the overall benefits of our new system.

The allowance for bad debts was increased by \$100K in July to coincide with our outstanding assessment receivables. B&F believes OPA is well reserved for potential bad debts.

Camp Ocean Pines and Special Event revenue is off \$35K for the month due to Covid virus. This has a net bottom-line impact of zero as associated costs for these events are below budget as well.

Golf had a reclass adjustment in the month crediting member dues and increasing cart fees. This corrected an entry from May and has a zero bottom-line impact. Revenues were up \$26K and the net operating impact was a positive \$21K for the month.

Tennis and Pickleball revenue are up considerably over last year-to-date. The GM will be presenting to B&F a proposal to add additional Pickleball capacity without sacrificing Tennis.

Aquatics YTD Net Operating results are (\$192K) below budget affecting all revenue lines. This was mitigated by \$152K of favorable expense variances, including \$110K in wages/benefits.

The Yacht Club revenue was \$15K over budget for the month and \$42K positive on the bottom-line. YTD revenues are (\$215K) under budget with a positive \$104K bottom-line. The positive bottom line is attributable to the \$271K of PPP funding obtained by Matt Ortt. Matt Ortt is anticipating August to taper off.

Beach Club revenue for the month is off (\$22K) with a negative (\$27K) bottom-line. YTD revenues are off (\$33K) with a positive bottom-line of \$9K. Again, the YTD positive bottom-line is due to Matt Ortt's PPP funding.

Beach Parking has a YTD negative bottom-line of (\$189K). We do not expect much if any additional revenue for August.

Marinas remain a bright spot with a YTD positive bottom-line of \$243K and \$24K ahead of budget.

B&F supports the recommendation to split Road Reserves into a Drainage and Road Reserve classifications. The Bainbridge Drainage work will be accounted for as separate project in Northstar.

We are currently using two banks for OPA investments. Future discussions on the benefits of maintaining two banks will occur.

